

## Message Text

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63

ACTION NEA-12

INFO OCT-01 ARA-11 EUR-25 EA-11 ADP-00 CIAE-00 DODE-00

PM-09 H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SS-15 USIA-12 EB-11 CIEP-02 OMB-01 TRSE-00

SCEM-02 INT-08 COME-00 RSR-01 /151 W

----- 015997

R 091305 Z MAY 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 3860

INFO AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY JAKARTA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USOECN PARIS 0700

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KUWAIT PASS ABU DHABI

E. O. 11652: ADS: DECLAS 1 JAN 73

TAGS: ENGR, SA

SUBJ: SAG OIL SALES

1. AS PREDICTED EARLIER BY MINISTER PETROLEUM YAMANI, WHAT AMOUNTS TO FIRST SALE OF 1973 SAG PARTICIPATION CRUDE BY PETROMIN IS UNDER WAY IN RIYADH. SEVERAL AMERICAN COMPANIES REPRESENTED, INCLUDING MAJORS, EUROPEAN AND JAPANESE. TEAM OF INDIAN BUYERS ALSO PRESENT. MINPET ANNOUNCED MORNING 8 MAY FOLLOWING ARRIVAL OF MOST OF PROSPECTIVE BUYERS THAT ( A) PETROMIN ONLY OUTLET FOR SAUDI OIL; ( B) SALES WOULD BE MADE TO BUYERS ONLY; ( C) NO SALES

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TO BROKERS OR INTERMEDIARIES: ( D) NEGOTIATIONS WITH BUYERS NOT  
TO BE CONDUCTED IN PRESENCE BROKERS OR INTERMEDIARIES.

2. FROM AMERICANS PRESENT IN RIYADH WE HAVE LEARNED THAT OFFICIAL ROUND OF NEGOTIATIONS INDICATES SAG HAS SHOWN PRICE OF 300,000 PLUS BARRELS A DAY AVAILABLE FOR REMAINING MONTHS OF YEAR TO RANGE OF DOLLARS 2.55 PLUS DEVALUATION ESCALATION. THIS INDICATES SAUDI OIL PRICE BEING NEGOTIATED CLOSE TO LEVEL OF SWEET CRUDE FROM ABU DHABI. IN FACE OF THIS, SEVERAL END- USERS HAVE RETURNED TO U. S. WITHOUT RPT WITHOUT SIGNING CONTRACTS. HOWEVER, AT LEAST TWO INDEPENDENT REFINERY GROUPS FROM MIDWEST U. S. HAVE INDICATED THEY WILL SIGN CONTRACT, EVEN AT THIS PRICE. INDIANS ALSO REPORTED TO HAVE SIGNED CONTRACT, WITH RUMORS AMONG OTHER BUYERS THAT EFFECTIVE PRICE WAS LOWER FOR THEM.

3. SOURCE IN MINISTRY CONFIRMS THAT 36 PERCENT OF SAUDI CRUDE THIS YEAR HAS BEEN " ALLOTTED" FOR AMERICAN MARKET. OVER FIFTY PROPOSALS SO FAR RECEIVED INDICATING INTEREST IN BUYING SAUDI PARTICIPATION CRUDE. MINPET IS HAVING TO ESTABLISH ITS OWN CRITERIA FOR APPORTIONING WORLD- WIDE SMALL AMOUNT OF CRUDE AVAILABLE. PETROMIN CLAIMS IT IS INVESTIGATING PROSPECTIVE BUYERS TO MAKE SURE THEY ARE END- USERS AND NOT BROKERS. ONE SAUDI AGENT, IN COMMENTING ON GOVERNMENT STATEMENT, NOTED THAT IT DID NOT EXCLUDE " CONSULTANTS." COMMENT: AGENT FINDERS LIKELY TO CONTINUE OPERATE ALMOST AS BEFORE.  
THACHER

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NMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ENGR  
**Control Number:** n/a  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** elyme  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**TAGS:** ENGR, SA  
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